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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000209

SIPDIS

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TAGS: [CH](#) [ETRD](#) [MARR](#) [PGOV](#) [PREL](#) [EAID](#) [WHO](#) [TW](#)
SUBJECT: NSC DEPUTY SECRETARY GENERAL ON ARMS SALES,
FOREIGN ASSISTANCE REFORM, AND BEEF

REF: A. TAIPEI 190
[1](#)B. TAIPEI 180
[1](#)C. TAIPEI 197

Classified By: The Acting Director for reasons 1.4(b/d)

[1](#)1. (C) Summary. Taiwan's arms sale requests, including those approved but not yet notified and those pending U.S. approval are an essential part of the Ma Administration's defense and cross-Straits strategies, NSC Deputy Secretary General Ho Sze-yin told the Acting Director February 24. NSC Secretary General Su Chi confirmed this in a separate meeting with a visiting USG delegation and Ho hopes to deliver the same message directly to State Department officials when he visits Washington March 2-3. Contrary to Foreign Minister Ou's comment to the Director, Taiwan does not seek or want U.S. assistance in facilitating discussions between Taiwan and PRC on Taiwan's effort to secure WHA observer status. Ho agreed that the lack of any adverse public reaction to suggestions that Taiwan open its market completely to U.S. beef has been a positive sign, and offered to press for a timetable from the Health Department. Ho will travel to Washington to discuss ways to make Taiwan's foreign assistance more efficient and transparent. End Summary.

Ma Administration Committed to U.S. Arms

[1](#)2. (C) President Ma and his administration see U.S. arms sales, including, but not limited to, all of the items in the 2001 package, as essential parts of Taiwan's defense and its efforts to reduce tensions with the PRC, NSC Deputy Secretary General Ho Sze-yin told the Acting Director during a February 24 meeting. Expressing surprise that he continued to hear doubts about Ma's commitment to a strong defense, Ho underscored emphatically that suggestions Taipei is not seriously interested in the remaining items from the 2001 notification, or has decided against pursuing additional systems such as F-16 C/Ds are off the mark. Later in the day in a meeting with a visiting U.S. Pol/Mil delegation, NSC Secretary General Su Chi confirmed Taiwan's desire to purchase F-16 C/Ds, additional PAC-3 missiles, utility helicopters and other systems under discussion with the United States. Taiwan would need to conduct the feasibility study on diesel-electric submarines requested from the United States, Su said, before making the decision whether to pursue that very costly system.

[1](#)3. (C). Continued arms sales will not cause Beijing to put the brakes on cross-Straits rapprochement any more than Beijing's deployment of missiles in Fujian will dissuade the Ma Administration, Ho emphasized. The two sides implicitly understand that the military dimension of the cross-Straits dynamic is separate from the economic and other aspects of the relationship, he emphasized. On the contrary, it is

essential that Taiwan maintain a strong defense, in part to deter Beijing from using a military confrontation with the island to divert its citizens' attention from difficult economic conditions at home in the future, Ho said.

14. (C) Ho confirmed that he would seek a meeting with appropriate State Department officials to convey a message from President Ma on this subject during a planned March 2-3 visit to Washington to discuss Taiwan's foreign assistance reform efforts (see below). Specifically, he said, he would use the meeting to confirm that President Ma, the National Security Council, and Ministry of National Defense were in accord on the defense procurement priorities laid out by Defense Minister Chen during his February 18 meeting with the Director (ref A). President Ma did not go into the same level of detail in his February 17 meeting with the Director (ref B) because he believed it better to leave the communication of details to MND and not, Ho emphasized, because he had any disagreement with the MND priorities.

15. (C). A/DIR noted that there had been initial discussions between TECRO, EAP/TC, AIT/T and MOFA about the possibility of initiating a MOFA-led Pol/Mil delegation visit to Washington, as a complement to the semi-annual Pol/Mil delegation visits to Taiwan organized by AIT/W and the Monterey Conference in the United States. Such a meeting could facilitate interagency coordination on military issues in Taiwan as well as allow more U.S. civilian policy-level officials contact with their Taiwan counterparts in Washington. While there might be good reasons to support such a proposal, A/DIR said, it would be important that it

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not duplicate existing programs. Ho agreed that timing, level and composition of the delegation would all be important factors in determining its success.

A "Resounding No" to U.S. Mediation on WHA Bid

16. (C) A/DIR noted that, in FM Ou's February 18 meeting with the Director, Ou had apparently requested U.S. assistance in facilitating contacts between PRC and Taiwan representatives in Geneva (ref C). While the United States strongly supported Taiwan's goal of securing WHA observer status in May and cross-Straits dialogue, A/DIR said, this risked putting Washington in the role of mediator and also might be counter-productive in getting the PRC to agree. Ho expressed surprise at Ou's suggestion and, later in the day, after consulting with others in the government, contacted A/DIR to say that the Foreign Minister's comments ("resoundingly") did not reflect Taiwan's official position. Taipei appreciates U.S. support in general but does not seek U.S. intervention on this issue at this point.

No Adverse Public Response to Beef Market Opening

17. (C) A/DIR noted that AIT/T's Agriculture section had been unsuccessfully trying to get a meeting with Director General of the Ministry of Health's Food and Safety Bureau since the February 8 public event attended by Health Minister Yeh and DIR. Ho agreed to call the Ministry to encourage progress, noting the Health Minister was becoming more supportive of market opening. Ho noted that the release of the Ministry's risk assessment report, as well as a number of AIT-organized promotional activities had been well-received and that there appeared to have been no adverse reaction to the idea of market opening. A/DIR emphasized the importance of resolving beef, to put the trade relationship oback on track and to allow both sides to focus on issues such as the TIFA and a bilateral investment agreement.

Looking to the U.S. for Ideas on Assistance Reform

18. (SBU) Ho said the main reason for his planned March 2-3 visit to Washington was to meet with OPIC and Millennium Challenge Corporation officials. President Ma is committed to reform Taiwan,s foreign aid process, to make it more effective and transparent, Ho said. One thought would be to open aid projects up to tender by Taiwan contractors but few, if any, of these companies have the experience and expertise to execute projects particularly in Latin American, where Taiwan has a number of diplomatic allies. Instead, Ho said, Taiwan was considering whether it would be more cost effective to identify projects and then open them up for bids by U.S., Canadian, or other contractors with experience in the region. A/DIR assured Ho that the United States would be happy to share with Taiwan its experiences) positive and negative) in development assistance work. Ho noted that TECRO has already arranged his meetings with OPIC and the MCC.
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